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E.O. 12958: DECL: AFTER KOREAN REUNIFICATION  
TAGS: [PREL](#) [MARR](#) [MNUC](#) [KN](#) [KS](#)  
SUBJECT: EAP PDAS STEPHENS' JUNE 11 MEETING WITH MOFAT  
NORTH AMERICA DG CHO TAE-YONG

Classified By: POL M/C Joseph Y. Yun. Reasons 1.4 (b, d).

SUMMARY

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1. (C) In a June 11 meeting, Ministry of Foreign Affairs and Trade (MOFAT) Director General for North American Affairs Cho Tae-yong informed EAP PDAS Kathleen Stephens that the ROKG preferred having Secretary Rice visit the ROK before the July 26-28 ASEAN Regional Forum (ARF) meeting so that the Secretary would have a chance to call on President Roh

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Moo-hyun, who planned to leave for official travel after ARF. ROK National Security Advisor Song Min-soon planned to visit Washington from June 25-27 and would further explore a U.S.-ROK summit later in the year. Per Cho, MOFAT North Korean Nuclear Issue Task Force DG Lee Yong-joon was traveling to Beijing to discuss the DPRK's latest statements and the missile issue with Chinese counterparts. Cho stressed that it was important for the U.S. investigations into Banco Delta Asia (BDA) to end quickly, as it would deprive the DPRK of its current excuse for boycotting the Six Party Talks. Cho proposed having quiet, informal U.S.-ROK consultations on how to approach the peace regime issue. On the issue of the Nogun-ri incident, Cho underscored the importance of having a single, accurate account of the U.S. document that was not included in the final USG report. He said he would urge the surviving family members to use the Nogun-ri scholarship funds before September during a memorial event in July but also pleaded for flexibility on the part of DOD in light of the renewed attention to the issue. PDAS Stephens urged the ROKG to resolve the environmental remediation issue to facilitate the return of closed U.S. bases. END SUMMARY.

2. (U) On June 11, visiting EAP PDAS Kathleen Stephens met with Cho Tae-yong, Director General for North American Affairs, Ministry of Foreign Affairs and Trade (MOFAT). POL-MIL Chief and poloff also attended. Cho was joined by Cho Byung-jae, Deputy Director General for North American Affairs, and Hahn Choong-hee, Director, North America Division 1.

ROKG PREFERS SECSTATE VISIT BEFORE ARF MEETING

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13. (C) DG Cho said Foreign Minister Ban Ki-moon enjoyed his June 2 meeting with Deputy Secretary Zoellick in Washington, during which both spoke frankly about the state of the bilateral relationship. Cho added that Seoul had sent instructions to its embassy in Washington recommending a visit to Seoul by Secretary Rice before the July 26-28 ASEAN Regional Forum (ARF) meeting in Kuala Lumpur. The ROKG was concerned that the Secretary would not be able to call on President Roh Moo-hyun if she were to arrive post-ARF due to Roh's scheduled travel abroad. PDAS Stephens responded that, per EAP A/S Christopher Hill, the Secretary was interested in visiting the ROK and Washington would try to fix the schedule for the visit as soon as possible.

NSA SONG TO EXPLORE U.S.-ROK SUMMIT DURING JUNE 25-27 VISIT  
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14. (C) Cho confirmed the ROK remained interested in arranging a meeting between President Bush and President Roh during the latter's visit to Washington, suggesting September 12-13 as a possible timeframe. ROK National Security Advisor Song Min-soon would explore the idea further during his visit to Washington at the end of June. He planned to arrive June 25, and would be available for meetings on June 26 and 27. The ROKG had requested meetings for Song with the Secretary and with members of Congress, including Senators Lugar and Biden, and Rep. Leach, Cho said.

NUCLEAR ISSUE TASK FORCE DG IN BEIJING  
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15. (C) DG Cho informed PDAS Stephens that MOFAT North Korean Nuclear Issue Task Force DG Lee Yong-joon was traveling to Beijing on June 11 to meet Chinese Ambassador for Korean Peninsula Affairs Li Bin and, possibly, VFM Wu Dawei. He said Lee would not be sharing any new ideas for the Six Party

process, but would query his Chinese counterparts' thoughts on the DPRK's recent statements and its intentions. Lee might, however, discuss the issue of a possible missile test.

To date, there was no response from the DPRK to the ROK's strong message urging Pyongyang not to test the Taepodong II missiles, Cho said.

RAILWAY TEST-RUN APPEARS TO BE A "GO," MIL TALKS "NOWHERE"  
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16. (C) Regarding the June 3-6 inter-Korean economic cooperation vice ministerial in Jeju, Cho reported that the ROK "appeared to have been" successful in persuading the DPRK to agree to resume the test-run of the inter-Korean railway. The two Koreas also discussed various economic projects, particularly the ROK provision of raw materials for consumer goods. Cho asserted that this request was new, possibly indicating a shift in the DPRK's focus in inter-Korean relations. On the May 17-19 inter-Korean general officer-level military talks, Cho said the talks "went nowhere" as the DPRK refused to budge on all key issues without an agreement to redraw the Northern Limit Line (NLL).

Cho noted that the DPRK seemed "not to be in a hurry" to discuss military issues between the Koreas.

DPRK NEEDS "ROPE" TO GET OUT OF BDA "HOLE"  
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17. (C) DG Cho, remarking on reports that a Stanford university professor might invite DPRK MFA North American Affairs DG Li Gun to the United States to participate in an event organized by NCACP, expressed concern that, if Li were unable to meet with USG officials, he and other negotiators from the MFA would have difficulty convincing others in the North Korean government to be more flexible on returning to the Six Party Talks. The DPRK had dug itself into a "deep hole" by linking the freeze on the Banco Delta Asia (BDA) accounts to its return to the Six Party Talks and was unable to bring itself out. In this regard, the other parties to the Talks needed to "throw it a rope." PDAS Stephens said

the DPRK needed first to "stop digging." Washington was growing impatient with the DPRK's linkage of the two matters and its pursuit of bilateral talks with the United States outside the Six Party framework. The United States and the DPRK could discuss the BDA issue and others, but the discussion must take place within the context of the Six Party Talks.

18. (C) Cho stressed that U.S. investigations into the BDA case were taking too long, adding that the slow process merely gave the DPRK a convenient excuse to boycott the Six Party Talks. Pyongyang would no longer have the same excuse once the investigations ended. Cho explained there was debate within the ROKG about whether the DPRK was more interested in recovering USD 24 million in the frozen BDA accounts or being able to conduct transactions with foreign banks more easily. Cho opined, however, that the DPRK foreign ministry appeared to be focusing more on recovering the money from the BDA accounts in light of VFM Kim Gye Gwan's statements at the recent Northeast Asia Cooperative Dialogue in Tokyo.

#### PDAS STEPHENS' KIC VISIT: WAGE ISSUE REMAINS A CONCERN

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19. (C) Asked about her visit to the Kaesong Industrial Complex (KIC), PDAS Stephens noted that South Korea's vision for the future scale of KIC was large, but that questions of method of wage payments and labor issues must be addressed. Moreover, it was difficult to imagine KIC reaching its envisioned scope absent political progress, including implementing the September 19 Joint Statement. The facilities were clean and modern, but the issue of wage payments to North Korean workers continued to generate questions in Washington and elsewhere. In this regard, it was important for the ROK to move quickly with the DPRK to the system of direct payment, to which Seoul and Pyongyang had agreed.

#### ROK FTA NEGOTIATOR TO SAVE KIC FOR LAST

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110. (C) Cho thought the ROK could probably leverage the international community's concerns about the wage payment issue against the DPRK and negotiate an agreement. This would not, however, resolve the problem of the wages not being at real market rate. He asked whether a visit to the KIC by a team of international labor experts would be helpful. Cho added that perceived disagreement between the United States and the ROK on KIC was problematic, given the unanimous support for the project across the political spectrum in South Korea. PDAS Stephens responded that it might be worth exploring whether a visit by qualified experts might be helpful, if the ROK could identify experts with sufficient expertise in the development of industrial parks in other parts of the world. Stephens added that including the KIC in the U.S.-Korea Free Trade Agreement (FTA) negotiations was another concern. Cho assured PDAS Stephens that chief ROK negotiator Kim Jong-hoon had told him personally that he would "save political problems for last." Kim received firm instructions from Seoul to include KIC in the initial offer. He did not, however, intend to put the issue front and center in the negotiations, Cho said.

#### ROK PROPOSES INFORMAL MEETING ON PLANS FOR PEACE REGIME

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111. (C) Cho said he had received reports saying that Chinese President Hu Jintao, during his recent summit with President Bush in Washington, had conveyed the DPRK's concerns about perceived threat from the United States, to which President Bush responded that Washington could "discuss peace with North Korea." PDAS Stephens confirmed the U.S. hope that, as envisioned in the Statement of Principles, discussion on a peace regime would be a part of progress in the Six Party Talks. To move in that direction, however, North Korea had to return to the Six Party Talks. Cho concurred, suggesting

that Seoul and Washington each deliberate internally about the process for establishing a peace regime, then meet informally to share ideas. PDAS Stephens agreed to take that idea back to Washington.

NOGUN-RI: NEED CONSISTENT ACCOUNTING OF WHAT HAPPENED  
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¶12. (C) DG Cho addressed a number of issues related to the Nogun-ri incident during the Korean War, including recent revelations of the Muccio letter. Cho stressed that: (1) the USG and the ROKG needed to have a common understanding of why such document was not included in the final report on the Nogun-ri incident; (2) the ROKG needed to figure out next steps with respect to that issue; and (3) both sides had to think about how to address the document problem in relation to the bigger Nogun-ri issue. Initial ROK assessment was that the document contained no new information that would overturn the final report. DDG Cho Byung-jae added that, with the press focusing on why the document was not included in the final report, it was important to have a single, accurate account of what happened.

¶13. (C) DG Cho said he had informed the association of the families of the Nogun-ri victims that the U.S. budget allocated for setting up a scholarship fund for the victims' children would expire in September and urged them to use the money before the budget disappeared. The initial response was not positive, Cho asserted, but he would meet the families again in July during a memorial event in Nogun-ri. He did not understand, however, the rationale for terminating the fund in September. PDAS Stephens explained that the budget termination was a feature of USG, and in this case, DOD budget planning, in which allocated funds would be lost if unused within a prescribed time period. For several years allocated funds had been unused because of the failure to reach agreement. Stephens agreed to relay Cho's concerns to DOD and to work with them on the points Cho raised.

FACILITATING BASE RETURN, MUSEUM EXHIBIT TOO NEGATIVE  
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¶14. (C) PDAS Stephens urged the ROKG to resolve the environmental remediation issue as soon as possible to facilitate a quick return of the closed U.S. bases.

Reflecting on her recent visit to Camp Hialeah in Busan, Stephens stressed that, given the Busan City Mayor's plans to develop the land into a park and make it available to all Busan residents, the return of Camp Hialeah in particular could act as an effective symbol for both the strength of the alliance and the positive effect of facilitating the return of U.S. bases. Noting her recent visit to the Busan City Museum, which used to house the former U.S. Consulate

General, Stephens expressed disappointment that the exhibit of Busan's modern history conspicuously left out any positive depiction of U.S. presence in Busan, while highlighting that the USG returned the building in 1996 after student activists had firebombed it. Stephens suggested that more positive content about U.S. presence in Busan would be helpful, underscoring that the current exhibit was not historically accurate and did not portray the bilateral relationship fairly.

¶15. (U) PDAS Stephens has cleared this message.  
VERSHBOW